



State of Utah  
School & Institutional  
**Trust Lands Administration**

School & Institutional Trust Lands Administration  
675 E. 500 S. Salt Lake City, Utah 84102

**Board of Trustees Meeting Minutes**

October 17, 2018

9:00 a.m.

**Attending:**

**SITLA Staff:**

Chris Shiraldi, Legal Counsel  
Kim Christy, Deputy Director, Surface & External Relations  
Tim Donaldson, Assistant Director, Special Projects  
Deena Loyola, Public Information Officer  
LaVonne Garrison, Assistant Director, Oil & Gas  
Tom Faddies, Assistant Director, Minerals  
Jerry Mansfield, Resource Specialist, Minerals  
Andy Bedingfield, Resource Specialist, Minerals  
Lisa Schneider, Finance Director  
Keli Beard, Legal Counsel  
Rodger Mitchell, Assistant Director, Planning & Development  
Kate Staley, GIS Manager  
Kyle Pasley, Deputy Assistant Director, Planning & Development  
Mike Johnson, Chief Legal Counsel  
Vince Wayodi, IT Support Specialist  
Ron Carlson, Audit Manager  
Eric Baim, Financial Analyst, Planning & Development  
Troy Herold, Project Manager, Planning & Development

**Presenters:**

Shawn Welch, Legal Counsel, EOG  
Mark Burns, SITLA Board's Attorney in the EOG Matter  
Dave Damschen, Utah State Treasurer

**Beneficiaries:**

Margaret Bird, Beneficiary Representative, U of U & USU  
Paula Plant, Beneficiary Representative, School Children's Trust, Utah State Board of Education  
Scott Jones, State Board of Education

**Welcome**

Chairman Bullard welcomed board members, staff, and the public to the meeting. Mr. Ruppe moved, and Mr. Mower seconded, a motion to approve minutes from the September 20, 2018 meeting. The vote was unanimous in the affirmative. Chairman Bullard then reviewed the upcoming board meeting dates confirming that there will be no December meeting and reminded the members about the 2019 schedule change – meetings will be moved to the 2<sup>nd</sup> Wednesday of each month, except during board tours.

## **County Advisory Committee, Utah Tribes, and Public Comment Period**

There were no public comments.

### **Chairman's Report**

Chairman Bullard reported on the first Land Trust and Advocacy Committee meeting. He attended as a visitor as he is not a member. He reported that he was asked to attend future meetings so communication would be clear between the new committee and the SITLA Board.

### **EOG Resources Update**

Mr. Burns, Legal Counsel to the Board, spoke to the Board's potential actions. He recommended that the Board act on the following issues that were outlined in a Joint Statement which can be found on the State Public Notice Website at <https://utah.gov/pmn/files/436813.pdf>.

1. The Board Should Retain This Matter;
2. The Matter Should Proceed by Formal Review; and
3. The Board Should Appoint a Hearing Examiner

Chairman Bullard asked for recommendations of who the board should hire to become the Hearing Officer. He invited counsel to bring forth nominees for future consideration by the Board. Mr. Johnson explained that the parties have been discussing names and hope to submit candidates in time for next Board meeting being held on November 15<sup>th</sup>.

Director Ure asked about the timeline for the process. Mr. Johnson stated that once the Hearing Examiner is chosen in November, he would move the process forward. Mr. Burns explained that SITLA's Rules don't provide a deadline for a response to a petition, but the response can be provided within a few weeks. Mr. Welch explained that the parties are working toward making a Stipulated Record so that discovery will be less burdensome. Additionally, there was discussion about whether a surety will be required. The consensus was that there is no need for one. Mr. Ruppe asked that a copy of the proceedings' time table appear in the November board packet. Counsel agreed to submit the schedule for events within two weeks. Mr. Burns speculated that the process would take between six and nine months to complete. They reminded the board that the Rules of Civil Procedure apply in this matter.

### **Notification of Minor Development Transaction - Green Springs Open-Space Sale**

Mr. Mitchell presented plans for an isolated piece of property to be sold; it is backyard to the adjacent home owner who is paying all administrative fees. The project is outlined on the Public Notice Website at <https://utah.gov/pmn/files/432127.pdf>. The Real Estate committee recommended that staff continue with this plan. No action from the board was needed as this is a minor development transaction.

### **Notification of Minor Development Transaction - Perry City Land Exchange**

This is a three-way land exchange. The presentation can be found on the Public Notice Website at <https://utah.gov/pmn/files/432131.pdf>. The Real Estate committee recommended that staff continue with this action. No action from the board was needed as this is a minor development transaction. Director Ure pointed out that this transaction is an opportunity to show that SITLA cooperates with other government entities. He thanked the staff for their hard work.

## **Director's Update**

Director Ure reported that he gave a SITLA presentation during the Legislature's recent Executive Appropriations Committee tour of the Uinta Basin. He explained that they heard about things they hadn't considered before and that this will affect how the Legislature moves forward.

Director Ure informed the board that he and several staff, as well as three board members, attended the Envision Utah Awards luncheon which recognized former board member, Dan Lofgren.

Director Ure described the problems staff had in the administration building due to recent storms. SITLA hired a firm to conduct air quality testing to determine the amount of harm our employees were being exposed to. He said that the landlord, Boyer Company, has been noticed that there are problems and that they need to be prepared to allow for adjusted rent payments due to our lost work time and harm to people and property. The board was reminded that SITLA is looking for a new location.

Director Ure reminded the board about the upcoming land auction at 10 a.m. on Wednesday, October 24<sup>th</sup> at the Sheraton Hotel in downtown Salt Lake.

Director Ure explained that the UTTR exchange transaction is moving along and being led by the Surface group. They have been putting pressure on the BLM to move things forward more quickly than in the past.

## **GIS Plat Map**

Ms. Staley demonstrated what our GIS team has been working on. She explained that the previous digital plat map was designed in 2010. This new design is easier to use and understand. She showed the board how the new maps can be used. She also noted that this is a valuable tool for the public as well. She showed how work group layers are available on the map. She added that one can now use a GPS location for a search and that one can send links to maps via email.

Director Ure had invited Ms. Staley to present to the board so he could profile the award-winning work the staff is doing. Chairman Bullard reminded the board that our GIS team received an award from the top GIS agency in the country. SITLA's team out-performed all other teams in the U.S.

## **Kayenta Development Lease**

Mr. Mitchell presented a project development lease with Kayenta. He explained that this is one of the best developments in St. George—probably in the western U.S. because it brings a lot of money out of each lot. Mr. Pasley used the new plat map to illustrate where the property is located. The developer is designing a low density, large lot project. The Real Estate committee discussed the project and proposed changes which were then incorporated. The presentation can be found on the Public Notice Website at <https://utah.gov/pmn/files/432129.pdf>. Mr. Woodbury moved, and Mr. Barrus seconded, a motion to enter into a purchase option agreement. The vote was unanimous in the affirmative.

## **ML 53840-OBA – Industrial Sands Exploration Agreement with Option to Lease on Lands in Emery County**

This presentation is located on the Public Notice Website at <https://utah.gov/pmn/files/432121.pdf>. Mr. Bedingfield pointed out that the parcels in this proposal are outside the area discussed in the forthcoming federal Emery County bill. He explained that this project will help SITLA know what resources are on our lands.

Mr. Ruppe commented that most of the frac sand in the U.S. currently comes from the Midwest. Now, Texas and Oklahoma have started to develop it. This project will help SITLA determine if our sand can be sold for that purpose as well. Mr. Mower, as a native of the area, hoped the project would succeed. Mr. Faddies explained that the Minerals committee had reviewed the proposal and recommends it for approval. Mr. Ruppe moved, and Mr. Donegan seconded, a motion for execution of this OBA regarding the Industrial Sands Exploration in Emery County. The vote was unanimous in the affirmative.

#### **OBA – Non-Competitive Lease of Potash and Mineral Salts Lease, Grand County, A1 Lithium, Inc.**

Mr. Mansfield presented details on the proposed OBA. The supporting materials can be found on the Public Notice Website at <https://utah.gov/pmn/files/432113.pdf>, <https://utah.gov/pmn/files/432115.pdf>, <https://utah.gov/pmn/files/432117.pdf>, and <https://utah.gov/pmn/files/432119.pdf>. Mr. Mansfield explained that in this location brines are processed to allow for recovery of lithium. The lessees are already working with BLM on mineral extraction near our property. Mr. Mower asked about the topography of the land: is this the highest and best use? Mr. Mansfield and Ms. Garrison responded that there is currently a well on site but that it is not generating enough oil and gas to make commercial quantities. Mr. Donegan clarified that A-1 is responsible for the well. The Minerals and Oil/Gas committees recommend the project for approval. Mr. Donegan moved, and Mr. Foot seconded, a motion that the board approve the OBA. The vote was unanimous in the affirmative.

#### **Request for Approval of Capital Expenditure – Lionsback project**

Mr. Mitchell discussed our Lionsback land the board visited during the Moab tour. The project has been approved locally. There are legal problems getting the off-site infrastructure to the property. The details are outlined on the Public Notice Website at <https://utah.gov/pmn/files/432123.pdf>. This expenditure would increase the value of the property dramatically; values have been re-evaluated recently. The Real Estate committee raised questions which have been addressed in this proposal. They have reviewed the modifications and recommend moving forward. The Beneficiaries concur. Mr. Woodbury moved, and Mower seconded, a motion to approve the \$4M capital expenditure for the Lionsback project off-site infrastructure. The vote was unanimous in the affirmative.

#### **Beneficiary Report**

Ms. Plant presented an update on the actions of the new Land Trust and Advocacy Committee. They elected Mel Brown to chair the committee. She shared the draft job description for the new director. It can be found on the Public Notice Website at <https://utah.gov/pmn/files/432125.pdf>. She also showed the proposed budget that will be sent to the Governor. It can be found at <https://utah.gov/pmn/files/432133.pdf>.

Chairman Bullard recognized the State Treasurer and the work he's done to move the committee forward. Mr. Damschen explained that the committee decided to hire a recruitment firm in order to fill the director position. That group will present three names to the committee. The committee will recommend two to the State Treasurer who will make the appointment. The Advocacy committee will be meeting again in November.

Ms. Plant acknowledged concerns from the public about the committee's/director's future role. She reported that the committee plans to have open communication with SITLA. She suggested that now is a good time for the Board to be contributing ideas about what can be done to make the process better regarding the Beneficiaries. She said that the committee plans to get the system set up well so the process is less contentious. She asked for written feedback from the members of the Board regarding how the Beneficiaries have been helpful in the past.

Mr. Woodbury asked that Ms. Plant remind the board about who is serving on the new Advocacy Committee. Ms. Plant explained that SITLA appointed two: Tom Bachtell and Steve Ostler; SITFO appointed one: Brigham Tomco; the State Treasurer appointed one: Mel Brown; and Ms. Plant is representing the State Board of Education. Chairman Bullard asked whether there will there be a change in Beneficiary representation on committees. Ms. Bird stated that there will not be yet.

Mr. Damschen recognized the complexity of SITLA and thanked the Board for their service. He explained that there has been a challenge with the hiring process for the new Advocacy Director. That person will need to have situational awareness, institutional management experience, and understand Utah.

### **Amended 2020 Budget**

Ms. Schneider asked for support on an amendment to the 2020 budget which was approved in August. The new Lionsback expenditure needs to be accounted for. Mr. Ruppe moved, and Mr. Barrus seconded, a motion to amend the 2020 budget to include the Lionsback expenditure that was approved today.

### **Closed Session**

At 11:03 a.m., Mr. Mower moved, and Mr. Ruppe seconded, a motion to move into closed session pursuant to §52-4-205(1)(c), Strategy Sessions to Discuss Pending or Reasonably Imminent Litigation and §52-4-205(1)(d), Strategy Sessions to Discuss the Purchase, Exchange, or Lease of Real Property, including any Form of a Water Right or Water Shares.

### **Attending:**

#### **SITLA Staff:**

Mike Johnson, Chief Legal Counsel  
Lisa Schneider, Finance Director  
LaVonne Garrison, Assistant Director, Oil & Gas  
Tom Faddies, Assistant Director, Minerals  
Tim Donaldson, Assistant Director, Special Projects  
Chris Shiraldi, Legal Counsel  
Kim Christy, Deputy Director, Surface & External Relations  
Keli Beard, Legal Counsel

#### **Beneficiaries:**

Paula Plant, Beneficiary Representative, School Children's Trust, Utah State Board of Education  
Margaret Bird, Beneficiary Representative, U of U & USU

At 12:02 p.m., Mr. Barrus moved, and Mr. Ruppe seconded, a motion that the board return to open session. The vote was unanimous in the affirmative.

### **Adjourn**

At 12:03 p.m., the board returned to open session. Mr. Barrus moved, and Mr. Ruppe seconded, a motion to adjourn. The vote was unanimous in the affirmative.